

Message Text

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21

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 PA-01 PRS-01 /099 W

----- 040265

R 080610Z DEC 76

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 6288

INFO AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMCONSUL BOMBAY

AMCONSUL HONG KONG

C O N F I D E N T I A L COLOMBO 4481

E.O. 11652:GDS

TAGS: EFIN, EINV, CE

SUBJECT: NATIONALIZATION OF FOREIGN BANKS

REF: COLOMBO 4084

1. EMBASSY UNDERSTANDS THAT ALL THREE BRITISH BANKS THREATENED WITH NATIONALIZATION (REFTEL) HAVE REFUSED TO PROVIDE ANY FUNDS FOR FINANCE MINISTER'S PRE-ELECTION EMPLOYMENT PROGRAM. CONSEQUENTLY, IT NOW APPEARS THAT NATIONALIZATION IN ONE FORM OR ANOTHER WILL EVENTUALLY TAKE PLACE.

2. REPORTEDLY, MINISTER WOULD PREFER NOT TO PRESS NATIONALIZATION LEGISLATION IN PARLIAMENT BUT WOULD LIKE BANKS TO "NATIONALIZE THEMSELVES" BY BECOMING NATIONAL BANKS WITH MAJORITY LOCAL OWNERSHIP. REPRESENTATIVES FROM LONDON OFFICES OF CHARTERED BANK AND NATIONAL AND GRINDLAYS BANK ARE NOW IN COLOMBO NEGOTIATING WITH FINANCE MINISTER ON THEIR FUTURE STATUS. HONG KONG AND SHANGHAI BANK, HOWEVER, IS APPARENTLY PREPARED TO BE NATIONALIZED. AS THE SMALLEST (AND APPARENTLY LEAST PROFITABLE) OF THREATENED BANKS, HONG KONG AND SHANGHAI HAS NOT SENT A SENIOR OFFICER TO DEAL WITH FINANCE MINISTER AND EMBASSY UNDERSTANDS THEY HAVE NO INTENTION OF BECOMING

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A NATIONAL BANK.

REED

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, BANK BRANCHES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976COLOMB04481
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760453-0602
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761263/aaaaccjp.tel
Line Count: 62
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 COLOMBO 4084
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by BoyleJA>; APPROVED <13 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATIONALIZATION OF FOREIGN BANKS
TAGS: EFIN, EINV, CE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006